Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

SECRET

The Director of Central Intelligence

Washington, D.C. 20505

The Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In the Director's letter of 28 January 1982, he indicated that, at the completion of a pay review study conducted by the consulting firm of Towers, Perrin, Forster and Crosby (TPF&C), he would report to you on his findings regarding overseas premium pay. The consultants have concluded their review and have recommended, in their letter dated 18 May 1982, that a premium pay is appropriate for all Intelligence Community employees while serving overseas. In order to facilitate your review I have, with the Director's approval, assembled and enclosed their final letter, along with pertinent sections of the TPF&C Overseas Report (the full report was provided to you in January), and a study conducted by our Psychiatric Division dealing with the relationship between stress and compensation of overseas personnel. 25X1

As stated in his last letter and in the TPF&C interim report, the consultants traveling with CIA and NSA employees during November 1981 conducted on-site interviews with 137 employees of the Foreign Service, CIA, NSA and DIA at seven foreign locations in four major occupational groups. In order to provide the team with a comprehensive grasp of clandestine activities, we arranged for 21 briefings at Headquarters prior to their field work. These were conducted by principal officials from our Directorate of Operations and included division chiefs, Department of State liaison personnel, a previous Chief of Station and an extended session with 25X1 eight former Chiefs of Station who had recently served in Third World countries. Although the number of field interviews was somewhat limited due to constraints of time and money, we enlarged the sample beyond the original proposal to enhance the level of confidence. By using standardized grading criteria against key occupational areas (sample represented over 70% of all CIA positions overseas) and visiting locations which are geographically and programmatically diverse, we are very comfortable with the data base. This sampling method compared favorably with the technique used by Hay Associates when they performed a similar study for the Foreign Service. 25X1

25X1

SECRET

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

Based on this firsthand factfinding, TPF&C found that Intelligence Community employees are paid, on the average, 13% to 17% less than their counterparts in the Foreign Service with equivalent responsibilities. They also concluded that the stress of living overseas for Intelligence Community personnel was equal to or greater than that typically encountered by members of the Foreign Service. You will note that the conclusions of the Stress Study conducted by our Psychiatric Division support the findings of TPF&C. 25X1

As a further basis for these recommendations, TPF&C cites the fact that most private sector employers offer premium pay to compensate their employees, at least partially, for living overseas. They normally pay this premium to all overseas staff regardless of location, and in addition to cost-of-living differentials and hardship allowances. While the consultants note that the most common premium paid by the private sector is between 11% and 15% of base pay, the conservative premium recommended for the Agency reflects both budgetary constraints and economic considerations. 25X1

As you are well aware, in the present world environment we face a host of problems in assigning top caliber employees overseas. In order to successfully carry out our mission, we must have employees who are willing and eager to serve abroad. Although the burden of overseas service cannot be fully compensated, it can be at least recognized and made somewhat more attractive through premium pay. 25X1

Based on our experience and the need confirmed by TPF&C, the Director and I have concluded in consultation with the Office of Management and Budget and the Heads of the other Intelligence Agencies involved that premium pay should be continued for CIA and extended to certain other civilian employees of the Intelligence Community assigned overseas. We define the Intelligence Community for this purpose as including the Department of State/Bureau of Intelligence and Research (whose employees when assigned overseas are paid under the Foreign Service salary scale and, thus, already receive a premium for overseas service), the Central Intelligence Agency, and certain civilian employees of both the National Security Agency and the Defense Intelligence Agency. As a result of conversations our staff had with the Foreign Service, we believe this premium should be established at a rate equal to 9.6% of base pay, even though this provides less than full comparability. This amount should serve as a sufficient inducement for top caliber people to accept overseas assignments willingly and, at the same time, improve pay comparability among Intelligence Community civilian employees and their counterparts in the Foreign Service. 25X1

We recognize the concerns you and your Committee members have regarding the potential "ripple effect" that premium pay for Intelligence Community

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

members could create with respect to other civilian employees of the U.S. Government stationed overseas. With this in mind, the Director and I believe that this premium should be granted to personnel only while they are stationed overseas and when their assignment meets the following criteria:

- Within CIA, the premium pay will be awarded to those employees whose duties require a commitment to serve a substantial portion of their careers abroad. The career fields requiring overseas service will be specifically designated by Agency management. In addition, employees involved will sign an agreement formalizing this understanding. All employees so designated will be assigned to and located in full-time positions overseas. Further, to be eligible for this premium pay, the employee will have served at Headquarters and have been assigned from Headquarters to an overseas location or relocated from one country overseas to another. Thus, the overseas premium pay will not be authorized for those employees who are assigned overseas for a single tour (such as DDI Analysts, [redacted] Personnel Officers, etc.) or who are hired locally overseas regardless of citizenship and who remain permanently located in one overseas location. Also, individuals on home leave or lengthy Temporary Duty in the United States will not be eligible for this pay. [redacted] 25X1 25X1 25X1

- Within NSA and DIA, which have significantly different personnel and overseas staffing systems, this premium pay should be authorized for only those civilian employees who serve in circumstances or under conditions similar to those in which personnel of the Central Intelligence Agency serve. They are also assigned from Headquarters to a full-time position overseas or relocated from one country overseas to another. This premium pay will be limited to the special class of civilian cryptologic personnel at NSA who serve in overseas positions (e.g., those who serve with the Special Collection Service) at covert facilities (including covert overseas mission ground stations), or in liaison or operational capacities with foreign governments. The Director, NSA specifically designates those positions, entities, or facilities that comprise this special class of cryptologic personnel. Thus, NSA employees eligible for the special pay are limited to those who undertake an obligation to serve overseas and who are assigned to an overseas position that is specifically designated as within the special class. In DIA, premium pay would be awarded civilian employees in foreign areas who are assigned to the worldwide Defense Attache System. [redacted] 25X1

The Director and I assure you that the need for premium pay is based on concrete factual evidence and we are convinced that it is a vital incentive for retaining top caliber personnel overseas and allowing us to meet the short- and long-term goals of the Intelligence Community. We propose to use

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7

the Director's pay authority under the CIA Act of 1949 to implement premium pay for CIA employees as soon as possible. We understand that the Director, NSA has adequate authority to implement this as pay for eligible NSA employees and we urge you to support this action by providing the appropriate vehicle to facilitate a concurrent premium pay program, as outlined, for eligible DIA civilian employees. 25X1

Sincerely,

John N. McMahon
Acting Director

Enclosure

cc: The Honorable Ted Stevens
The Honorable Barry M. Goldwater
The Honorable Joseph P. Addabbo

Distribution:
Orig - Addsee w/encl.
1 - ER
2 - D/OP
1 - Subject
1 - Chrono
OP/DD/PA&E sjw (9/22/82) 25X1

Approved For Release 2009/08/28 : CIA-RDP92-00420R000300110011-7